

Message Text

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E.O. 11652: N/A

TAGS: BEXP, BFOL, KH, CH

SUBJECT: MARKET RESEARCH: GLOBAL MARKET SURVEY: METAL-
WORKING AND FINISHING EQUIPMENT (MFE) - PRC

REF: A. STATE A-6738, 8/6/73; B. USDOC 2786

1. HAVE REVIEWED SUBJECT STUDY AND CONSIDER IT ADEQUATE
WITH EXCEPTION OF POINTS DISCUSSED BELOW. GREATEST DE-
FICIENCY FOUND IN CONTRACTORS ERRONEOUS CALCULATIONS
GNP, INDUSTRIAL PRODUCTION AND GROWTH RATES RELATED
TO EACH.

2. POST REQUESTED TO INFORM CONTRACTOR OF REPORT IN-
ADEQUACIES AND REQUEST THAT SUPPLEMENTARY INFORMATION BE
SUBMITTED TO POST IN SUFFICIENT TIME TO ASSURE ITS ARRIVAL
IN COMMERCE BY MAY 6.

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3. PARA 3. REF(B) APPLIES TO SUBJECT STUDY.

4. RE TABLE 1- VALUES ATTRIBUTED GNP AND INDUSTRIAL PRODUCTION INCORRECT. SOURCE FOR FIGURES, JEC, PEOPLES REPUBLIC OF CHINA: AN ECONOMIC ASSESSMENT, GIVES GNP FIGURES IN BILLIONS U.S. DOLLARS WHEREAS IN TABLE 1A CONTRACTOR SHOWS IDENTICAL FIGURES FOR VALUE GNP IN BILLIONS YUAN. IN TABLE 1B CONTRACTOR DIVIDED YUAN FIGURE BY TWO TO OBTAIN U.S. DOLLAR VALUE THEREBY ARRIVING AT DOLLAR FIGURE THAT IS ONE HALF OF SOURCE USED. FIGURES FOR COMPONENTS GNP CARRY FORWARD THIS ERROR.

5. RATES OF GROWTH GNP AND INDUSTRIAL PRODUCTION (10 PERCENT AND 22 PERCENT RESPECTIVELY) EXTREMELY HIGH ACCORDING TO U.S. GOVERNMENT EXPERTS; 4 PERCENT AND 8 PERCENT MORE IN LINE PRC'S ABILITIES.

6. BECAUSE CONTRACTOR HAS APPARENTLY RELIED THROUGHOUT RESEARCH ON SEEMINGLY ERRONEOUS CALCULATIONS AND GROWTH RATES OF GNP AND ITS COMPONENTS FOR DISCUSSION PURPOSES, POST REQUESTED TO ASK MOBIUS TO REVIEW TABLE 1 AND ENTIRE STUDY AND MAKE REVISIONS IN LIGHT OF COMMENTS PARAS 4 AND 5 ABOVE. IN ADDITION, WOULD APPRECIATE IT IF CONTRACTOR WOULD FURTHER ELUCIDATE METHODOLOGY USED IN ARRIVING AT MFE MARKET.

7. WHILE REPORTED VALUE GNP LOW ACCORDING TO JEC, VALUE REPORTED DOMESTIC PRODUCTION MFE EXCEEDS NATIONAL MACHINE TOOL BUILDERS ASSOCIATION'S (NMTBA) ESTIMATES BY FACTOR OF MORE THAN TWO. NMTBA ESTIMATES 1972 PRODUCTION METALWORKING MACHINE TOOLS EQUALED U.S. DOLLARS 67 MILLION WHILE RESEARCH ESTIMATES VALUE REACHED 170. RESEARCH FIGURES IMPORTS AND EXPORTS METALWORKING EQUIPMENT 1972 EXTREMELY CLOSE TO ASSOCIATION ESTIMATES. CONTRACTOR REQUESTED TO RECHECK FIGURES DOMESTIC PRODUCTION MFE AS ERROR IN CALCULATION SEEMS POSSIBLE.

8. RE SECTION II.C. (BEST SALES POTENTIAL FOR U.S. MFE)- UNDER EACH CATEGORY DISCUSSED, CONTRACTOR DID NOT ADEQUATELY DESCRIBE NATURE (COMPETITIVE ADVANTAGES) OF DOMESTIC AND FOREIGN COMPETITION, INCLUDING NAMES OF LEADING DOMESTIC MANUFACTURES, IF ANY, AS REQUIRED IN SPECIFICATIONS. IN MOST CASES ONLY JAPANESE SUPPLIERS WERE LISTED AS HAVING SOLD MFE TO PRC. REQUEST CONTRACTOR TO COMMENT ON OTHER COUNTRY

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SUPPLIERS OF EQUIPMENT DISCUSSED AND ADDITIONALLY DISCUSS NATURE OF DOMESTIC COMPETITION.

9. RE SECTION III.B. (SPECIFIC END-USERS) 1, 2, 4, 5,- DISCUSS LEVELS OF TECHNOLOGY OF METAL PARTS MANUFACTURING IN THE INDUSTRIES COVERED AND THEIR PROBLEMS.

10. RE SECTION V.F.2. (MINISTRIES) - CONTRACTOR TO RESUBMIT

LIST OF MINISTRIES INCORPORATING ADDRESS OF EACH, AS PER
SPECIFICATIONS (APPENDIX A). KISSINGER

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